

Message Text

CONFIDENTIAL

PAGE 01 STATE 077922
ORIGIN ARA-14

INFO OCT-01 ISO-00 EB-08 HA-05 SP-02 USIA-06 AID-05
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 L-03 H-01 /097 R

DRAFTED BY ARA/ECA:ACGRAHAM:JRR
APPROVED BY ARA:JBUSHNELL
ARA/ECA:RWZIMMERMANN
EB/ODF:AWATSON (INFO)
HA/HRMSCHNEIDER (INFO)
-----000329 252153Z /70
P 252122Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY MONTEVIDEO PRIORITY

C O N F I D E N T I A L STATE 077922

E.O. 11652: GDS

TAGS: EFIN, SHUM, PORG, UY

SUBJECT: U.S. STRATEGY ON IFI LOANS TO UTE POWER PROJECT
REF: A) STATE 476021; B) MONTEVIDEO 428; C) MONTEVIDEO
639; D) STATE 15725

1. THE INTERAGENCY GROUP ON HUMAN RIGHTS AND FOREIGN ASSIS-
TANCE AT ITS FEBRUARY 27 MEETING RECOMMENDED THAT THE U.S.
EXECUTIVE DIRECTORS OF THE IBRD AND THE IDB BE INSTRUCTED
TO USE THEIR INFLUENCE TO AFFECT THE PROGRESS OF CONSIDERA-
TION FOR A JOINTLY FINANCED \$108 MILLION LOAN FOR THE POWER
V ELECTRICAL TRANSMISSION LINES PROJECT, DISCUSSED
REFTELS. THE EXECUTIVE DIRECTORS WILL POINT OUT TO THE
BANKS OUR RESERVATIONS ABOUT THE HUMAN RIGHTS SITUATION IN
URUGUAY, AND WILL SUGGEST THAT THE LOAN BE VERY CAREFULLY
STUDIED IN THE LIGHT OF OUR CONCERN.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 077922

2. OUR RECENT EXPERIENCE WITH OTHER IFI LOANS, WHICH HAVE
BEEN APPROVED IN SPITE OF OUR OPPOSITION AND NO VOTES,
SHOWS THAT MERELY VOTING NO DOES NOT LEAD TO IMPROVED HUMAN
RIGHTS, BUT IT DOES TEND TO WEAKEN U.S. CONGRESS AND PUBLIC
SUPPORT FOR THE IFIS. WE ARE, THEREFORE, SEEKING A MORE
COMPREHENSIVE STRATEGY FOR THE SUBJECT URUGUAYAN LOAN APPLI-

CATIONS. WE ARE CONSIDERING OTHER APPROACHES IN ADDITION

TO EXCLUSIVELY THROUGH THE EXECUTIVE DIRECTORS; FOR EXAMPLE, ADVISING SELECTED MEMBER COUNTRIES OF THE IDB AND IBRD, PARTICULARLY THOSE VISITED BY THE JOINT STATE-TREASURY TEAM (REFTEL D), OF OUR OPPOSITION TO APPROVING POWER V LOAN UNTIL THERE IS EVIDENCED HR IMPROVEMENTS IN URUGUAY AND SOLICITING THEIR AGREEMENT AND SUPPORT IN LIKewise CASTING NO VOTE.

3. DURING THE CHIFS OF MISSION CONFERENCE WE DISCUSSED STRATEGY ON THIS LOAN WITH AMBASSADOR PEZZULLO. WE INITIALLY CONCURRED THAT A DIRECT APPROACH TO THE GOU, ASKING THAT THE LOAN BE HELD IN ABEYANCE UNTIL HUMAN RIGHTS IMPROVEMENTS TAKE PLACE, WOULD BE COUNTERPRODUCTIVE. ON REFLECTION, WE ARE NOW CONVINCED THAT SUCH AN APPROACH WILL BE NECESSARY. OUR OPPOSITION TO THE LOAN WILL QUICKLY BECOME KNOWN TO THE GOU THROUGH THE BANKS, AND TO NOT TALK ABOUT IT DIRECTLY WOULD BE TO CEDE WHAT LITTLE CONTROL WE EXERCISE TO EVENTS AS THEY PLAY OUT IN THE BANKS.

4. WE ARE OPEN TO SUGGESTIONS AS TO WHETHER THE APPROACH TO GOU SHOULD BE MADE IN MONTEVIDEO OR WASHINGTON. A MONTEVIDEO APPROACH WOULD ASSURE THAT THE PROPER AUTHORITIES WERE INFORMED OF USG POSITION WITHOUT THE USUAL INTERESTED PARTY DISTORTIONS. AMBASSADOR'S APPROACH TO MODER-

CONFIDENTIAL

PAGE 03 STATE 077922

ATES IN THE MILITARY AND CIVILIAN SECTORS COULD APPEAL FOR DELAY IN PROCESSING LOAN, MAKING POINTS ALONG THE LINES OF: PURPOSE OF USG IS TO BE HELPFUL AND TO AVOID PUBLIC CONFRONTATION; OTHER IFI MEMBER COUNTRIES MAY SEE WAY TO OPPOSING POWER V LOAN ON HR GROUNDS ALSO, AND AT ANY RATE IT COUNTERPRODUCTIVE FOR URUGUAY FOR US TO BE LOBBYING THEM AGAINST LOANS; APPROVAL OF LOAN OVER USG NO VOTE COULD SERIOUSLY AFFECT CONGRESSIONAL AND PUBLIC ATTITUDE IN US TOWARD APPROPRIATIONS AND REPLENISHMENTS FOR IFIS, IMPACTING FUTURE AVAILABILITY OF THIS VITAL SOURCE OF FUNDS FOR ALL LATIN AMERICAN COUNTRIES, INCLUDING URUGUAY.

5. YOUR APPROACH TO THE GOU COULD EMPHASIZE THAT WE HAVE UNDERTAKEN THIS CONSULTATION WELL IN ADVANCE OF THE LOAN PRESENTATION PRECISELY BECAUSE OF OUR INTEREST IN AVOIDING A LAST MINUTE CONFRONTATION IN THE IFIS. THE LEAD TIME ALLOWS THE GOU TO TAKE A NUMBER OF STEPS TO IMPROVE HUMAN RIGHTS WITHOUT THE APPEARANCE OF RELATING THE ACTS TO IFI LOANS.

6. THE DEPARTMENT CAN, OF COURSE, MAKE THE SAME POINTS TO

AMBASSADOR PEREZ CALDAS, BUT WITHOUT ANY CONTROL OVER HOW THE INFORMATION WOULD BE DISSEMINATED THROUGHOUT THE GOU.

WE COULD ALSO CONSIDER A MUTUALLY REINFORCING DUAL APPROACH BOTH HERE AND IN MONTEVIDEO. WE WOULD APPRECIATE YOUR COMMENTS AND CONCURRENCE IN AN EARLY APPROACH TO THE GOU ON THESE LOANS.

7. OUR EXECUTIVE DIRECTORS ARE NOW EXAMINING CERTAIN TECHNICAL PROBLEMS WITH THE LOAN (ESPECIALLY THE BORROWING INSTITUTION) AND WE MAY HAVE ALTERNATIVE FIRST STAGE STRATEGY BASED ON TECHNICAL CONSIDERATION. WE SHALL KEEP YOU INFORMED ON THIS ASPECT. VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, VOTING, HUMAN RIGHTS, INTERAGENCY MEETINGS, LOANS, ELECTRIC POWER PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE077922
Document Source: CORE
Document Unique ID: 00
Drafter: ACGRAHAM:JRR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780132-0319
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780324/aaaaaufa.tel
Line Count: 128
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a2cf12bd-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 476021, 78 MONTEVIDEO 428
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3201246
Secure: OPEN
Status: NATIVE
Subject: U.S. STRATEGY ON IFI LOANS TO UTE POWER PROJECT
TAGS: EFIN, SHUM, PORG, UY, US, IBRD, IDB
To: MONTEVIDEO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a2cf12bd-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014